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NEW APPLICATION



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1	BEFORE THE ARIZONA CORPORATION COMMISSION
	Alizona Corporation Commission
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3	GARY PIERCE, Chairman BOB STUMP SANDRA D. KENNEDY DOCKETED BY DOCKETED BY TOTAL TENT TO THE TOTAL TENT TENT TO THE TOTAL TENT TENT TENT TENT TO THE TOTAL TENT TENT TENT TENT TENT TENT TENT TEN
4	IN THE MARKET DATTE ATTENDED AND A THE TOTAL OF THE PROPERTY O
5	BRENDA BURNS / J
6	In the matter of:) DOCKET NO. S-20855A-12-0393
7	MORRIE S. FRIEDMAN and NOTICE OF OPPORTUNITY FOR HEARING NOTICE OF OPPORTUNITY FOR HEARING
8	JUDITH ANN FRIEDMAN, husband and wife, REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR
9) RESTITUTION, ORDER FOR Respondents.) ADMINISTRATIVE PENALTIES AND
10) ORDER FOR OTHER AFFIRMATIVE) ACTION
11	
12	NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
13	EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER
14	The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges
15	that respondent MORRIE S. FRIEDMAN has engaged in acts, practices, and transactions that
16	constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act").
17	
18	JURISDICTION
19	1. The Commission has jurisdiction over this matter pursuant to Article XV of the
20	Arizona Constitution and the Securities Act.
21	
22	RESPONDENT
23	2. MORRIE S. FRIEDMAN may be referred to as "FRIEDMAN" or "Respondent."
24	3. FRIEDMAN was an Arizona resident at all relevant times.
25	4. JUDITH ANN FRIEDMAN was at all relevant times the spouse of Respondent.
26	JUDITH ANN FRIEDMAN may be referred to as "Respondent Spouse." Respondent Spouse is
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joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

5. At all relevant times, Respondent was acting for Respondent's own benefit and for the benefit or in furtherance of Respondent and Respondent Spouse's marital community.

III.

FACTS

A. VIP* ComLink Stock Sales

- 6. From as early as September, 2009 to as late as January, 2010, FRIEDMAN offered and/or sold purported stock shares in the name VIP* ComLink, Inc. ("ComLink") in an amount totaling at least \$69,625.
- 7. FRIEDMAN fostered a preexisting relationship of trust with an Arizona investor ("Investor A"), including advising and assisting Investor A's relative with a mortgage transaction, and informing Investor A that FRIEDMAN practices law in Illinois.
- 8. FRIEDMAN met Investor A in the fall of 2009 at an Arizona restaurant where he initially mentioned the opportunity of an investment in a company named ComLink.
- 9. FRIEDMAN made numerous further contacts with Investor A until Investor A agreed to invest through several rounds of purchases.
- 10. FRIEDMAN sold ComLink stock shares to Investor A in September and October, 2009 in the total amount of at least \$16,625. However, FRIEDMAN only provided Investor A stock certificates representing \$15,000.
- 11. Investor A placed a total of at least \$16,625 into bank accounts as directed by FRIEDMAN. Investor A learned during one deposit that her money was placed in an account holding the name "Beyond Juice Meal in a Glass," a franchise smoothie company ("Beyond Juice") which had itself been the subject of California Department of Corporations Desist and Refrain actions discussed *below*.
- 12. FRIEDMAN represented and investor A believed at all times that her investment would be made in ComLink.

- 13. Investor A made repeated demands on FRIEDMAN for stock certificates representing the remainder of the investment, but FRIEDMAN gave only excuses until ceasing to return communications altogether after approximately one year.
- 14. FRIEDMAN also solicited and sold ComLink stock to another investor ("Investor B") on various dates between September 2009 and January, 2011, totaling at least \$49,000.
- 15. FRIEDMAN caused Investor B's funds to be deposited into a bank account held in the name Beyond Juice Meal in a Cup.
- 16. In the course of the offer and sale, FRIEDMAN told Investor B that he would receive approximately \$650,000 within just three months of his investment, representing an annualized return of approximately 4,906% without a reasonable factual basis for the prediction.
 - 17. Investor B has received no return from FRIEDMAN or ComLink.
- 18. FRIEDMAN also sold ComLink stock to another investor ("Investor C") on or about October 12, 2009 in the amount of at least \$4,000.

B. Fraudulent Conduct

- 19. FRIEDMAN provided Investor A with a document purporting to represent \$15,000 of stock in ComLink (the "Stock Certificate(s)")
- 20. Though Investor A invested at least \$16,625, FRIEDMAN failed to deliver any further Stock Certificates representing the remaining investment.
- 21. The Stock Certificate Friedman gave to Investor A contains many defects on its face, including, without limitation:
- a) Three digits of the "Shares Authorized" have been struck and replaced with new digits without any apparent authorization for the change; and
- b) A Previous CUSIP number was entirely struck and replaced with a new number: 918239203. This number is not matched to any security in CUSIP database searches with Fidelity investment and SallieMae.¹

¹ Committee on Uniform Securities Identification Procedures numbers identify most securities, including: stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system—owned by

- 22. In addition, Fidelity Investments informed Investor A that the Stock Certificate she asked them to examine was "not a viable stock" and "there was nothing published by [ComLink]."
- 23. FRIEDMAN also did not inform any offeree or investor that FRIEDMAN had judgment entered against him in a civil law suit brought in the United Sates District Court for the District of South Carolina, Charleston Division on September 5, 2003, entitled Lauren Meek v. Morrie Friedman, action number C.A. No. 2:03-2867-23, and alleging fraud and misrepresentation related to Beyond Juice. (the "South Carolina Action")
- 24. FRIEDMAN further failed to mention to Investor A and/or any other Investor(s) that FRIEDMAN, had been the subject of two Desist and Refrain Orders by the California Corporations Commissioner dated on or about April 28, 2006 and February 23, 2009 (the "California Actions") in connection with Beyond Juice, into whose bank account FRIEDMAN directed investors to deposit funds.
- 25. FRIEDMAN did not inform the ComLink offerees nor investors of either the California or the South Carolina Actions prior to investing.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer or Sale of Unregistered Securities)

- 26. From on or about September, 2009 to as late as January, 2010 Respondent offered or sold securities in the form of VIP* ComLink Inc. Stock, within or from Arizona.
 - 27. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

28. Respondent offered or sold securities within or from Arizona while not registered as a dealer or salesman pursuant to Article 9 of the Securities Act.

- 1	[1] 이 사이 사이트 화학자에 가는 사람들이 되는 사람들에게 하지만 하지만 하는 것이 되었다. 그는 사이를 하는 것은 사람들이 되었다. 그 것은 사람들이 하는 것은 사람들이 되었다.
1	29. This conduct violates A.R.S. § 44-1842.
2	The first of the
3	VIOLATION OF A.R.S. § 44-1991
4	(Fraud in Connection with the Offer or Sale of Securities)
5	30. In connection with the offer or sale of securities within or from Arizona, Responden
6	directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statement
7	of material fact or omitted to state material facts that were necessary in order to make the statement
8	made not misleading in light of the circumstances under which they were made; or (iii) engaged in
9	transactions, practices, or courses of business that operated or would operate as a fraud or deceit upor
0	offerees and investors. Respondent's conduct includes, but is not limited to, the following:
1	a) Stating Respondent would use investor funds to purchase stock while failing to
2	deliver stock certificates proving the entire value invested;
3	b) Representing an annualized return of approximately 4,906% without a
4	reasonable factual basis for the prediction;
5	c) Providing fraudulent stock certificates;
16	d) Soliciting offerees and investors while failing to inform them of pas
ا 7	Regulatory and civil judgments against Respondent reflecting upon his business ability and/or pas
18	fraudulent acts.
19	31. This conduct violates A.R.S. § 44-1991.
20	
21	REQUESTED RELIEF
22	The Division requests that the Commission grant the following relief:
23	1. Order Respondent to permanently cease and desist from violating the Securities Ac
24	pursuant to A.R.S. § 44-2032;
25	[발표 시기로 12] [15] [15] [15] [15] [15] [15] [15] [15
26	H 전화 등 등 생용한다는 마시트 그 사람들이 되었다. 그 그 그 사람들이 되었다. 그 그 그는 그 사람들이 되었다. Hit 사용하는 사용하는 사용하는 사람들이 되었다. 그 사람들이 되었다.

- 2. Order Respondent to take affirmative action to correct the conditions resulting from Respondent's acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
- 3. Order Respondent to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 4. Order Respondent to pay the state of Arizona administrative penalties, pursuant to A.R.S. § 44-1961;
- 5. Order that the marital community of Respondent and Respondent Spouse be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action pursuant to A.R.S. § 25-215; and
 - 6. Order any other relief that the Commission deems appropriate.

VIII.

HEARING OPPORTUNITY

Respondent and/or Respondent Spouse may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. If Respondent or Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice. A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at http://www.azcc.gov/divisions/hearings/docket.asp.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number (602) 542-3931, e-mail sabernal@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation. Additional information about the administrative action procedure may be found at http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp

IX.

ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if Respondent or Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at http://www.azcc.gov/divisions/hearings/docket.asp.

Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Steven Briggs.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering respondent or respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this Fourth day of September 2012.

Matthew J. Neubert Director of Securities